

TO: BANKING L.A.

May 13, 1998

**VOTE FOR PRO-CONSUMER AMENDMENTS TO HR 10**

Dear Representative:

We are writing to urge you to vote for amendments to HR 10 that make substantial improvements for consumers. If these amendments are not adopted, we urge you to oppose the bill. The following amendments will help make the bill better for consumers:

- **Restoration of Consumer Protections, Basic Banking Enforcement and Fee Disclosure – Bliley-Dingell-Leach Amendment:** HR 10 includes a package of consumer safeguards against deceptive and misleading bank insurance sales practices. Section 308(g)(2) would undo these safeguards by allowing states to preempt them with laws that are "contrary or inconsistent" to the protections provided. The amendment would fix the standard to conform with other consumer banking laws, ensuring state laws that provide greater protection than the federal regulations would not be preempted.

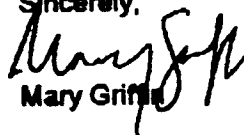
The amendment also mandates ongoing compliance with HR 10's requirement that all depository institutions affiliated with financial services holding companies provide low-cost, basic banking accounts. In addition, the amendment requires improved fee and commission disclosures to enhance comparison shopping; deletes sections relating to antitrust authority that would limit the ability of regulators to assess certain competition problems associated with mergers; preserves the authority of antitrust regulators; and closes further certain loopholes in the securities laws as they apply to banks. We urge you to vote for the amendment.

We strongly urge you to oppose the Baker amendment that would rollback consumer safeguards for retail sales activities and eliminate Community Reinvestment Act (CRA) requirements for institutions with less than \$100 million in assets.

- **Elimination of Banking and Commerce Provisions – Leach-Bereuter-Campbell Amendment:** The longstanding barrier between banking and commerce is still needed to prevent our taxpayer-backed banking system from being exposed to the kinds of risks that have plagued Asian neighbors. HR 10 currently allows holding companies to derive 5% of their revenues from commercial activities, with some dollar limits. Some argue that this is small enough to avoid risks but many large firms may still come under that limit and the commercial firm can grow once in financial services holding company. The amendment would delete the 5% basket. On the other hand, we urge you to oppose the Roukema-Vento-Baker-McCollum-LaFalce amendment that would increase the basket to 10% or, in some cases, 15% and thereby create more risks to taxpayers.

Even with the adoption of these pro-consumer amendments that substantially improve the bill, we are extremely concerned about language that would place at risk state consumer laws that are critical in this increasingly complicated marketplace. Section 104(b)(1) would extend a sweeping preemption standard to any activity authorized not only under HR 10 but also under "any other provision of Federal law." Although this section was designed to address regulatory turf disagreements between insurance, securities and banking interests, this language places at risk a host of state consumer laws that protect consumers from excessive fees and otherwise protect consumers and has a chilling effect on state legislatures. The Kucinich amendment, that would have addressed this problem, was not ruled in order. Because consumers are still at risk under this bill, Consumers Union cannot support the bill.

Sincerely,

  
Mary Griffin

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